

Message Text

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INFO OCT-01 ARA-06 EA-06 ISO-00 EB-04 RSC-01 /018 R

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DRAFTED BY:COM/BIC/OED/MEPD:JPHILBRICK

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COM/BIC/OEX/MEPD:JMSANDS, DIR. ARA/CEN:PWACKERBARTH (INFO)

COM/BIC/OIM:AMIYAKAWA (INFO)

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P R 042113Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO PRIORITY

INFO AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: BEXP, HO

SUBJECT: JAPANESE FINANCING FOR HONDURAN TELECOMMUNICATIONS
PROJECT

1. AMEMBASSY TEGUCIGALPA REPORTS THAT OKI OF JAPAN IS OFFERING TO FINANCE HONDURAN PROJECT TO MODERNIZE SWITCHING FOR 20,000 LINES IN THREE LOCATIONS. TERMS REPORTEDLY OFFERED ARE THREE TO FOUR PERCENT ANNUAL INTEREST OVER A PERIOD OF THIRTY YEARS. THIS IS UPDATE ON EARLIER REPORT THAT JAPANESE OFFERING FIVE PERCENT UPON SIGNATURE OF CONTRACT, ADDITIONAL 10 PERCENT WITHIN SIX MONTHS AFTER SIGNATURE AND BALANCE PAID IN EQUAL, SEMIANNUAL INSTALLMENTS OVER 8-1/2 YEARS AT 7.5 PERCENT.

2. IT APPEARS LIKELY THAT NEW TERMS WERE OFFERED BECAUSE IT IS RUMORED THAT US FIRM NORTH ELECTRIC IS IN GOOD POSITION WITH PREFERRED TECHNOLOGY AND WILL PROBABLY WIN CONTRACT.

3. EMBASSY TOKYO REQUESTED TO RAISE THE MATTER OF WHAT APPEARS TO BE CONCESSIONARY FINANCING AND INDICATE
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THAT USG IS DISTURBED OVER RESUMPTION OF POLICIES

WHICH IT BELIEVED DISCONTINUED. WHILE JAPANESE LOAN OFFER APPEARS TO MEET THE DEFINITION OF ODA UNDER THE EXPORT CREDIT AGREEMENT (STATE 226643), USE OF SUCH TERMS IN CASE WHERE BUYER IS PREPARED TO PURCHASE ON COMMERCIAL BASIS SEEMS QUESTIONABLE. REPORT ON YOUR DISCUSSIONS REQUESTED ASAP.

4. ADDITIONALLY, MOST HELPFUL WOULD BE DATA ON POOR DELIVERY PERFORMANCE BY JAPANESE IN PAST PROJECT OF SIMILAR NATURE OR EVEN DISIMILAR NATURE. YOUR ASSISTANCE MOST APPRECIATED. INGERSOLL

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